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FM SECSTATE WASHDC

TO AMEMBASSY THE HAGUE PRIORITY

C O N F I D E N T I A L STATE 245111

LIMDIS

E.O. 11652: GDS

TAGS: EAIR, NL

SUBJECT: US-GON CIVAIR TALKS

REF: TOSEC 809(THE HAGUE 5391)

1. NETHERLANDS AMBASSADOR CALLEDON ACTING SECRETARY ON NOVEMBER 6 TO PROVIDE COPY OF MESSAGE FROM VAN DER STOEL TO THE SECRETARY, ORIGINAL OF WHICH HE SAID WAS GIVEN TO YOU FOR TRANSMISSION. AMBASSADOR SAID THIS MESSAGE, WHICH REFERS TO CONSEQUENCES OF THE U.S. POSITION IN THESE TALKS WHICH QUOTE COULD POSSIBLY ENDANGER THE EXCELLENT RELATIONS BETWEEN OUR TWO COUNTRIES UNQUOTE AND CONCLUDES THAT QUOTE I TRUST THAT NO IRREVOCABLE STEPS WILL BE TAKEN BEFORE WE HAVE BEEN ABLE TO DISCUSS THESE PROBLEMS UNQUOTE, WAS SENT AT THIS TIME ONLY BECAUSE THE CIVAIR QUESTION HAS SUCH SIGNIFICANCE IN THE NETHERLANDS FOR BOTH GOVERNMENT AND PUBLIC OPINION. THE IMPORTANCE THE GON ATTACHES TO THIS MATTER IS ALSO ILLUSTRATED BY THE FACT THE NETHERLANDS DELEGATION AT THE RESUMED TALKS HERE ON NOVEMBER 11 WILL BE CHAIRED BY THE MINISTER OF TRANSPORTATION.

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2. AMBASSADOR TAMMENOMS BAKKER SAID THAT HE WANTED TO INDICATE THE THREE REASONS WHY THE CIVAIR TALKS ARE CONSIDERED SO SENSITIVE BY THE DUTCH AUTHORITIES:

(A) THE ECONOMIC IMPORTANCE OF THE NETHERLANDS IS PARTLY DUE

TO ITS GEOGRAPHIC LOCATION AND ITS ECONOMIC STRUCTURE WHICH HAS TRADITIONALLY ATTACHED SPECIAL IMPORTANCE TO INTERNATIONAL TRANSPORTATION, BOTH MERCHANT MARINE AND, IN MODERN TIMES, INTERNATIONAL AIR SERVICES FOR THE NETHERLANDS AND FOR OTHERS. KLM IS A VERY LARGE COMPANY FOR SUCH A RELATIVELY SMALL COUNTRY AND IS A LEADING EXAMPLE OF THE ECONOMIC SPECIALIZATION OF THE NETHERLANDS, ALONG WITH THE DUTCH MERCHANT FLEET AND SHIPBUILDING INDUSTRY. IT IS CONSEQUENTLY OF GREAT SENSITIVITY TO LAUNCH ANY ATTACK ON THE VIABILITY OF AN ECONOMIC SECTOR WHICH CONSTITUTES A SPECIALTY IN THE NETHERLANDS.

(B) THIS SPECIALIZATION HAS ALSO CONTRIBUTED TO DUTCH NATIONAL CHARACTER AND THE OPENNESS OF DUTCH POLICY AND PARAMOUNT INTEREST IN OVERSEAS AFFAIRS ON AN INTERNATIONALIST BASIS. ANY ENDEAVOR TO UNDERMINE ONE OF THE PILLARS OF DUTCH MENTALITY ON THE PART OF A MAJOR DUTCH ALLY TENDS TO HAVE EXAGGERATED IMPACT ON DUTCH PSYCHOLOGY AND PUBLIC OPINION.

(C) THE FACT THAT THE NETHERLANDS HAS A STRONG POSITION IN INTERNATIONAL AVIATION AND IN ITS CIVAIR RELATIONS WITH THE U.S. DOES NOT TRULY REFLECT THE CHARACTER OF DUTCH OVERALL BILATERAL ECONOMIC RELATIONS WITH THE U.S., IN WHICH THE NETHERLANDS PROVIDES ONE OF THE LARGEST EXPORT SURPLUSES U.S. HAS WITH ANY COUNTRY, AND IN WHICH THE NETHERLANDS IS ONLY COUNTRY WITH GREATER INVESTMENTS IN U.S. THAN VICE VERSA.

3. AMBASSADOR HOPED THAT DEPARTMENT WOULD BRING ITS UNDERSTANDING OF ALL THESE FACTORS IN OUR BILATERAL RELATIONS INTO THE U.S. HANDLING OF THE RESUMED CIVAIR CONSULTATION.

4. THE ACTING SECRETARY INDICATED THAT THE U.S. HAS NO
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INTENTION TO DESTROY THE GOOD RELATIONS BETWEEN OUR TWO COUNTRIES, AND MUST BE ABLE TO BALANCE THE CONSIDERATIONS FOR OUR FOREIGN RELATIONS SET FORTH BY THE AMBASSADOR WITH THE DOMESTIC PRESSURES HERE FOR A REDRESS OF INEQUITIES WHICH WE FEEL EXIST IN OPERATIONS UNDER OUR BILATERAL AGREEMENT, THE TERMS OF WHICH ARE INTERPRETED DIFFERENTLY BY THE TWO GOVERNMENTS. HE SAID THAT OUR PURPOSE IS TO AVOID ANY ARBITRARY IMPOSITION OF LIMITS ON THE CARRYING

CAPACITY OFFERED BY KLM THROUGH CAB ACTION, AND INSTEAD REACH A MUTUALLY SATISFACTORY AGREEMENT ON THE BASIS OF QUOTE REASONABLE UNQUOTE ARRANGEMENTS CALLED FOR BY THE BILATERAL AGREEMENT. WE WILL SEEK A BALANCE OF INTERESTS ON BOTH SIDES WHICH WILL CONSTITUTE THE BEST THAT CAN BE DONE WITHOUT FULLY SATISFYING ANY OF THE PRIVATE COMPANIES,

IN THE EXPECTATION THAT THE COMPANIES WILL ALL RECOGNIZE THE COMPROMISE THAT IS REACHED, AND WHICH WILL NOT JEOPARDIZE THE STRONG RELATIONS BETWEEN THE TWO COUNTRIES.

5. THE AMBASSADOR SAID THAT THE NETHERLANDS HAS ALWAYS FAVORED REASONABLE SOLUTIONS AND THAT ONE MUST BE FOUND IN THE FORTHCOMING CONSULTATION. HE NOTED THAT KLM HAD ALREADY ANNOUNCED A UNILATERAL REDUCTION IN SEATS TO BE OFFERED THIS WINTER, BUT THE ACTING SECRETARY SUGGESTED THAT THIS MAY ONLY BRING THE TOTAL NUMBER OF SEATS DOWN TO THE LEVEL OF LAST WINTER, WHICH WOULD BE A RELATIVE INCREASE IN VIEW OF THE DECREASING TRAFFIC DEMAND.

6. DEPUTY ASSISTANT SECRETARY WALDMANN POINTED OUT THAT WHILE BOTH COUNTRIES TRADITIONALLY ADVOCATED FREEDOM OF THE SEAS AS WELL AS AN OPEN SKY APPROACH IN CIVIL AVIATION OTHERS DID NOT AGREE AND THE BERMUDA PRINCIPLES WERE ADOPTED WHICH RELATE CAPACITY TO TRAFFIC GENERATED.

7. THE ACTING SECRETARY NOTED THAT OTHER COUNTRIES HAVE FREQUENTLY PLACED LIMITATIONS ON U.S. CARRIERS THROUGH THEIR ENFORCEMENT POWERS, WHICH U.S. HAS NOT HAD AVAILABLE UNTIL THIS FALL. HE REITERATED THAT WE NONETHELESS WISH TO REACH A SATISFACTORY SETTLEMENT OF THIS PROBLEM WITH THE NETHERLANDS IN A MANNER THAT WILL NOT DESTROY THE GOOD RELATIONS BETWEEN THE TWO COUNTRIES. INGERSOLL
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